

# Individual Income Tax Returns, Preliminary Data, 2005

Data Release

**F**or 2005, taxpayers filed 134.5 million U.S. individual income tax returns, an increase of 1.6 percent from the 132.4 million returns filed for 2004. Adjusted Gross Income (AGI) increased from the previous year by 8.9 percent to \$7.4 trillion for 2005. Taxable income increased 9.5 percent to \$5.1 trillion; the alternative minimum tax rose 31.6 percent to \$15.9 billion; total income tax increased by 11.8 percent to \$928.3 billion; and total tax liability rose by 11.6 percent to \$971.0 billion.

Figure A shows that the largest component of AGI, salaries and wages, increased 5.2 percent to \$5,236.5 billion for Tax Year 2005, while the next largest component of AGI, net capital gains, rose by 36.7 percent to \$604.4 billion. Other income items with notable percentage changes included capital gain distributions (part of net capital gains), which more than doubled from \$15.3 billion for 2004 to \$35.5 billion for 2005; partnership and S corporation net income, which increased by 19.5 percent to \$424.9 billion; and ordinary dividends, which increased 13.6 percent to \$153.7 billion. Of this dividend total, about 72.6 percent were reported as qualified dividends. Qualified dividends, which receive preferential tax rates, were reported on 25.8 million returns and totaled \$111.6 billion, an increase of 9.0 percent from 2004.

Another income item which increased greatly for 2005 was taxable interest, which went up by 25.5 percent to \$140.0 billion. For 2005, taxable pensions and annuities, the third largest income item, rose 7.2 percent to \$428.0 billion. The other items related to retirement, taxable IRA distributions and taxable Social Security benefits, also rose for 2005, by 9.5 percent and 13.1 percent respectively.

Declining income items were led by unemployment compensation at \$28.0 billion, falling by 14.5 percent from its 2004 level. State income tax refunds also decreased (14.5 percent) from Tax Year 2004.

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Statutory adjustments to total income increased 10.2 percent to \$104.2 billion for Tax Year 2005. The largest statutory adjustment was the deduction for one-half of self-employment tax, representing 20.5 percent of the total. This adjustment to income increased 6.1 percent to \$21.4 billion. Payments to self-employed retirement (Keogh) plans rose 7.9 percent to \$19.4 billion, while deductible contributions to an Individual Retirement Arrangements (IRA) increased 19.2 percent to \$12.2 billion. Tax Year 2005 law changes increased the contribution limits for both Roth and traditional IRAs for those age 50 and over (see Changes in Law section for details). Both the deduction for tuition and fees and student loan interest increased (2.3 percent and 14.4 percent, respectively).

Tax Year 2005 marked the second year that a line item adjustment was given to taxpayers who contributed to a qualified health savings account. Over 211,000 taxpayers of the 360,000 taxpayers who made contributions to qualified health savings accounts took an adjustment totaling nearly \$0.5 billion. This was more than double the number of taxpayers who took an adjustment in Tax Year 2004. The American Jobs Creation Act of 2004 added the domestic

production activities deduction for Tax Year 2005, which benefited nearly 320,000 taxpayers for a total deduction of \$2.1 billion (see Changes in Law section for details).

Along with this tax law change, the Katrina Emergency Tax Relief Act of 2005 also introduced favorable tax legislation for taxpayers. For instance, taxpayers who housed individuals displaced by Hurricane Katrina could claim up to four additional exemptions totaling \$2,000 (see Changes in Law section for details). An estimated 121,000 returns reported almost 265,000 exemptions for taxpayers providing housing for these victims. All together, the amount deducted for total exemptions increased by 4.8 percent from \$803.4 billion for 2004 to \$842.3 billion for 2005.

Total deductions, the sum of the standard deductions and total itemized deductions (after limitation) equaled \$1,665.6 billion, an increase of 8.4 percent

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# Individual Income Tax Returns, Preliminary Data, 2005

**Figure A**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2004 and 2005

[Money amounts are in thousands of dollars]

Item	Number of returns			Amount		
	2004	2005	Percentage change	2004	2005	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns, total.....</b>	<b>132,384,919</b>	<b>134,462,537</b>	<b>1.6</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Form 1040 returns.....	80,278,569	81,144,182	1.1	N/A	N/A	N/A
Form 1040A returns.....	30,878,413	31,607,574	2.4	N/A	N/A	N/A
Form 1040EZ returns.....	21,227,937	21,710,782	2.3	N/A	N/A	N/A
Electronically-filed returns [1].....	69,455,931	74,813,073	7.7	N/A	N/A	N/A
<b>Adjusted gross income (less deficit).....</b>	<b>132,384,919</b>	<b>134,462,537</b>	<b>1.6</b>	<b>6,764,907,485</b>	<b>7,363,648,396</b>	<b>8.9</b>
Salaries and wages.....	112,857,828	114,595,809	1.5	4,977,868,690	5,236,515,411	5.2
Taxable interest.....	57,675,120	59,326,291	2.9	111,561,113	140,024,777	25.5
Tax-exempt interest [2].....	4,386,097	4,469,929	1.9	49,837,939	54,410,697	9.2
Ordinary dividends.....	30,612,466	31,089,911	1.6	135,353,804	153,736,864	13.6
Qualified dividends.....	24,544,754	25,797,647	5.1	102,348,349	111,592,163	9.0
State income tax refunds.....	23,700,194	22,281,894	-6.0	21,484,401	20,961,408	-2.4
Alimony received.....	437,246	457,751	4.7	6,830,125	7,943,058	16.3
Business or profession net income.....	15,011,873	15,702,731	4.6	280,499,096	300,591,401	7.2
Business or profession net loss.....	5,201,188	5,335,832	2.6	41,915,266	43,083,206	2.8
Net capital gain [3].....	13,651,337	16,048,768	17.6	442,095,059	604,352,228	36.7
Capital gain distributions [3].....	10,799,132	13,447,772	24.5	15,324,930	35,457,864	131.4
Net capital loss.....	11,493,985	9,994,323	-13.0	25,454,976	22,075,818	-13.3
Sales of property other than capital assets, net gain.....	827,819	863,391	4.3	9,311,122	11,421,195	22.7
Sales of property other than capital assets, net loss.....	848,226	810,196	-4.5	6,665,222	7,747,570	16.2
Taxable Individual Retirement Arrangement distributions.....	9,015,362	9,462,567	5.0	102,003,408	111,709,278	9.5
Taxable pensions and annuities.....	23,344,955	23,549,681	0.9	399,311,044	428,025,371	7.2
Rent and royalty net income.....	5,604,092	5,664,697	1.1	67,955,009	74,425,992	9.5
Rent and royalty net loss.....	4,954,924	5,140,616	3.7	42,898,818	48,353,595	12.7
Partnership and S corporation net income.....	4,391,303	4,543,703	3.5	355,465,300	424,863,423	19.5
Partnership and S corporation net loss.....	2,268,094	2,256,974	-0.5	57,536,319	61,665,756	7.2
Estate and trust net income.....	478,444	460,575	-3.7	13,051,086	15,159,317	16.2
Estate and trust net loss.....	31,176	30,538	-2.0	630,041	756,271	20.0
Farm net income.....	591,038	631,116	6.8	7,830,456	9,237,072	18.0
Farm net loss.....	1,414,985	1,356,681	-4.1	19,894,553	19,842,812	-0.3
Unemployment compensation.....	9,154,275	7,943,765	-13.2	32,740,408	27,995,669	-14.5
Taxable Social Security benefits.....	11,825,356	12,808,594	8.3	111,778,572	126,409,367	13.1
<b>Total statutory adjustments.....</b>	<b>32,069,452</b>	<b>33,421,578</b>	<b>4.2</b>	<b>94,479,216</b>	<b>104,151,627</b>	<b>10.2</b>
Educator expenses.....	3,437,540	3,562,069	3.6	865,467	893,327	3.2
Certain business expenses of reservists, performing artists, and fee-basis government officials.....	100,047	102,683	2.6	243,988	290,381	19.0
Payments to an Individual Retirement Arrangement.....	3,379,417	3,293,501	-2.5	10,239,186	12,207,511	19.2
Student loan interest deduction.....	7,604,016	8,118,415	6.8	4,438,098	5,075,930	14.4
Tuition and fees deduction.....	4,738,193	4,731,924	-0.1	10,677,851	10,928,436	2.3
Health savings account deduction.....	88,110	211,766	140.3	180,186	488,782	171.3
Medical savings account deduction.....	30,883	18,391	-40.4	63,086	40,398	-36.0
Moving expenses adjustment.....	1,086,965	1,127,511	3.7	2,922,985	3,055,362	4.5
Self-employment tax deduction.....	15,763,127	16,507,523	4.7	20,148,573	21,368,314	6.1
Self-employed health insurance deduction.....	3,699,187	3,670,561	-0.8	17,270,521	17,982,362	4.1
Payments to a self-employed retirement (Keogh) plan.....	1,171,091	1,197,774	2.3	17,982,632	19,406,380	7.9
Penalty on early withdrawal of savings.....	792,543	798,900	0.8	216,830	267,260	23.3
Alimony paid.....	562,882	583,305	3.6	8,131,749	8,523,911	4.8
Domestic production activities deduction.....	N/A	317,810	N/A	N/A	2,123,938	N/A
Other adjustments.....	189,344	256,855	35.7	1,033,299	1,425,226	37.9

Footnotes at end of the figure.

# Individual Income Tax Returns, Preliminary Data, 2005

**Figure A—Continued**

## Individual Income Tax Returns, Preliminary Data: Selected Income and Tax Items, Tax Years 2004 and 2005—Continued

[Money amounts are in thousands of dollars]

Item	Number of returns			Amount		
	2004	2005	Percentage change	2004	2005	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total exemptions</b> .....	<b>264,727,822</b>	<b>269,699,249</b>	<b>1.9</b>	<b>803,389,845</b>	<b>842,320,994</b>	<b>4.8</b>
<b>Total deductions</b> .....	<b>130,572,217</b>	<b>132,762,014</b>	<b>1.7</b>	<b>1,536,262,023</b>	<b>1,665,601,292</b>	<b>8.4</b>
Total standard deduction.....	84,384,089	85,109,566	0.9	564,559,557	584,209,412	3.5
Basic standard deduction.....	84,384,089	85,109,566	0.9	548,505,579	567,428,479	3.4
Additional standard deduction.....	11,118,473	11,131,858	0.1	16,053,978	16,780,934	4.5
<b>Total itemized deductions (after limitation)</b> .....	<b>46,188,128</b>	<b>47,652,448</b>	<b>3.2</b>	<b>971,702,466</b>	<b>1,081,391,880</b>	<b>11.3</b>
Itemized deductions in excess of limitation.....	5,719,877	6,322,163	10.5	34,892,605	42,549,206	21.9
Medical and dental expenses deduction.....	9,458,334	9,871,839	4.4	61,292,493	66,086,920	7.8
Taxes paid deduction.....	45,870,333	47,267,305	3.0	357,908,694	390,944,404	9.2
State and local income taxes [4].....	44,665,865	45,935,853	2.8	217,157,045	237,687,278	9.5
Interest paid deduction.....	37,961,584	38,884,591	2.4	345,937,522	390,375,165	12.8
Charitable contributions deduction.....	40,594,576	41,381,479	1.9	156,200,064	172,025,442	10.1
<b>Taxable income</b> .....	<b>102,915,892</b>	<b>104,511,849</b>	<b>1.6</b>	<b>4,649,039,200</b>	<b>5,092,405,537</b>	<b>9.5</b>
Alternative minimum tax.....	3,132,706	4,045,459	29.1	12,062,016	15,874,227	31.6
<b>Income tax before credits</b> .....	<b>102,922,519</b>	<b>104,520,737</b>	<b>1.6</b>	<b>881,808,770</b>	<b>982,560,689</b>	<b>11.4</b>
<b>Total tax credits [5]</b> .....	<b>41,868,743</b>	<b>42,426,730</b>	<b>1.3</b>	<b>51,389,855</b>	<b>54,297,474</b>	<b>5.7</b>
Child care credit.....	6,400,794	6,549,739	2.3	3,380,224	3,487,785	3.2
Credit for the elderly or disabled.....	107,271	101,227	-5.6	18,292	13,787	-24.6
Child tax credit.....	26,070,095	26,050,925	-0.1	32,426,392	32,184,128	-0.7
Education tax credits.....	7,253,234	7,133,854	-1.6	6,076,920	6,194,770	1.9
Retirement savings contributions credit.....	5,361,813	5,365,195	0.1	1,026,889	962,976	-6.2
Adoption credit.....	69,673	83,681	20.1	299,669	303,397	1.2
Foreign tax credit.....	4,696,787	5,373,540	14.4	5,754,318	8,340,820	44.9
General business credit.....	230,905	225,238	-2.5	507,705	658,970	29.8
Prior year minimum tax credit.....	262,159	271,909	3.7	842,683	1,080,361	28.2
Self-employment tax.....	15,763,127	16,507,523	4.7	40,289,242	42,728,376	6.1
<b>Total earned income credit (EIC)</b> .....	<b>22,479,207</b>	<b>23,003,703</b>	<b>2.3</b>	<b>40,616,952</b>	<b>43,091,796</b>	<b>6.1</b>
EIC used to offset income tax before credits.....	2,988,349	2,911,791	-2.6	772,269	752,954	-2.5
EIC used to offset other taxes.....	4,680,510	4,834,823	3.3	4,045,464	4,279,188	5.8
Excess EIC, refundable portion.....	19,674,899	20,357,850	3.5	35,799,219	38,059,653	6.3
Additional child tax credit.....	14,609,435	15,334,228	5.0	14,523,694	15,588,969	7.3
<b>Total income tax</b> .....	<b>89,206,556</b>	<b>90,659,349</b>	<b>1.6</b>	<b>830,419,041</b>	<b>928,263,735</b>	<b>11.8</b>
<b>Total tax liability</b> .....	<b>92,817,241</b>	<b>94,346,561</b>	<b>1.6</b>	<b>870,346,902</b>	<b>970,951,374</b>	<b>11.6</b>

N/A--Not applicable.

[1] Included in data for Forms 1040, 1040A, and 1040EZ.

[2] Not included in adjusted gross income.

[3] Includes capital gain distributions reported on Form 1040 and Schedule D.

[4] State and local income taxes are the total of both income taxes and general sales taxes.

[5] Includes EIC used to offset income tax before credits, shown separately later in this figure.

NOTE: Detail may not add to totals because of rounding.

## Individual Income Tax Returns, Preliminary Data, 2005

from Tax Year 2004. The number of returns claiming the standard deductions increased 0.9 percent, accounting for 63.3 percent of all returns filed and 35.1 percent of the total deductions amount. Mostly due to inflation indexing, the average standard deduction (comprised of the basic and additional standard deductions) increased 2.6 percent from \$6,690 for 2004 to \$6,864 for 2005.

Itemized deductions were claimed on 35.4 percent of all returns filed for 2005 and represented 64.9 percent of the total deductions amount [1]. The average total for itemized deductions (after limitation) was \$22,693, a 7.9-percent increase from the 2004 average of \$21,038. Due to the AGI limitation on itemized deductions, 6.3 million higher-income taxpayers were unable to deduct \$42.5 billion in itemized deductions, an increase of 21.9 percent from 2004. The taxes paid deduction was the largest deduction, comprising 34.8 percent of total itemized deductions (before limitation). For 2005, it increased 9.2 percent to \$390.9 billion.

Tax Year 2005 was the second year that taxpayers could elect to deduct State and local general sales taxes instead of State and local income taxes. For 2005, an estimated 11.2 million taxpayers took advantage of this, deducting \$17.0 billion. Including taxpayers who deducted State and local sales taxes, 2.8 percent more taxpayers took a deduction for State and local taxes, and the total amount of this deduction increased 9.5 percent from 2004 levels. The interest paid deductions accounted for 34.7 percent of all itemized deductions and increased 12.8 percent, bringing the level of taxes paid deductions to \$390.4 billion. The charitable contributions deduction also increased sharply (10.1 percent) to \$172.0 billion for 2005.

Total tax credits used to offset income tax liabilities increased 5.7 percent to \$54.3 billion. About 26.1 million taxpayers claimed \$32.2 billion in child tax credits, down 0.7 percent from \$32.4 billion in 2004. However, the additional child tax credit (a refundable part of the child tax credit) increased by 7.3 percent to \$15.6 billion in 2005. This represented a 1.8-percent increase in total child credits from 2004 levels. The combined \$47.8 billion of the child tax credit and the additional child tax credit were greater than the \$43.1 billion of EIC (see below).

Other percentage increases for major tax credits were also small. For instance, the education tax

credits rose by 1.9 percent to \$6.2 billion, and the child care credit increased by 3.2 percent to \$3.5 billion. The foreign tax credit, however, had a very large percentage increase, rising 44.9 percent to \$8.3 billion, making this the second largest credit for 2005. Smaller credits, such as the general business credit and the credit for prior-year minimum tax credit also had large increases from 2004 (29.8 percent and 28.2 percent, respectively).

The total earned income credit (EIC) increased 6.1 percent to \$43.1 billion for Tax Year 2005. The portion of the EIC used to offset income tax before credits decreased 2.5 percent to \$0.8 billion, and the portion of the EIC used to offset other taxes (such as the self-employment tax) rose 5.8 percent to \$4.3 billion. The largest part of the EIC, the refundable portion, was treated as a refund and paid directly to taxpayers who had no tax liability against which to apply the credit. The refundable portion of the EIC increased 6.3 percent to \$38.1 billion for 2005.

The comparisons of data for Tax Years 2004 and 2005 in this article are based on the preliminary estimates for both years. A few income and tax items tend to be understated in preliminary estimates; therefore, comparisons based on preliminary estimates for 1 year and final estimates for the previous year could be misleading. Comparisons based entirely on preliminary estimates reduce the likelihood of misinterpretation of the data and afford a more accurate representation of year-to-year changes. Final statistics for Tax Year 2004 are available in the Fall 2006 issue of the *Bulletin*.

### Changes in Law

In general, the definitions used in this article are the same as those in *Statistics of Income—2004, Individual Income Tax Returns*. The following is a partial list of tax law and Internal Revenue Service administrative changes that had a major bearing on the Tax Year 2005 preliminary data presented in this article.

*Additional Child Tax Credits.*—Modifications were made to the additional child tax credit for 2005. In Tax Year 2004, the credit limit based on earned income was 15 percent of a taxpayer's earned income that exceeded \$10,750. For 2005, the limit was 15 percent of a taxpayer's earned income that exceeded \$11,000.

*Alternative Minimum Tax (AMT).*—For Tax Year 2005, the minimum exemption amount for a

## Individual Income Tax Returns, Preliminary Data, 2005

child under age 14 increased to \$5,850 from \$5,750 for 2004.

*Domestic Production Activities.*—For 2005, the deduction equals 3 percent of the lesser of: (a) qualified production activities income; or (b) taxable income for the taxable year. However, the deduction for a taxable year was limited to 50 percent of the W-2 wages paid by the taxpayer during the calendar year that ends in such taxable year. Qualified production activities include domestic manufacturing, producing, growing, and extracting tangible personal property, computer software, and sound recordings, and the construction and substantial renovation of real property including infrastructure.

*Earned Income Credit.*—The maximum amount of the earned income credit increased, as did the amounts of earned income and investment income an individual could have and still claim the credit. The maximum amount of investment income (interest, dividends, and capital gain income) a taxpayer could have and still claim the credit increased to \$2,700 from \$2,650. The maximum credit for taxpayers with no qualifying children increased to \$399 from \$390.

For these taxpayers, earned income and AGI had to be less than \$11,750 (\$13,750 if married filing jointly) to get any EIC. For taxpayers with one qualifying child, the maximum credit increased \$58 to \$2,662, and, for taxpayers with two or more qualifying children, the maximum credit increased \$100 to \$4,400. To be eligible for the credit, a taxpayer's earned income and AGI had to be less than \$31,030 (\$33,030 for married filing jointly) for one qualifying child, or less than \$35,263 (\$37,263 for married filing jointly) for two or more qualifying children.

*Katrina Emergency Tax Relief Act of 2005.*—The new law provides an additional exemption of \$500 in Taxable Years 2005 and 2006 for each Hurricane Katrina displaced individual claimed by the taxpayer. The total additional exemption claimed for all years cannot exceed: \$2,000 for married taxpayers filing jointly, \$1,000 for married taxpayers filing separately, and \$2,000 for all other taxpayers.

A Hurricane Katrina displaced individual is a person (1) whose main home on August 28, 2005, was in the Hurricane Katrina disaster area, (2) who was displaced from the home, and (3) who was provided housing free of charge in the taxpayer's main home for a period of 60 consecutive days which

ended in the taxable year in which the exemption was claimed. The additional exemption is not subject to the income-based phaseouts applicable to personal exemptions, and is allowed as a deduction in computing alternative minimum taxable income. For 2005, some 121.3 thousand taxpayers took advantage of this new legislation.

*Indexing.*—The following items increased due to indexing for inflation: personal exemption amounts, the basic standard deduction amounts, the tax bracket boundaries, the beginning income amounts for limiting certain itemized deductions, and for the phaseout of personal exemptions. The maximum amount of earnings subject to self-employment tax increased based on the percentage change in average covered earnings.

*Individual Retirement Arrangement Deduction.*—For 2005, the modified AGI thresholds increased allowing for more taxpayers to deduct contributions to individual retirement plans. A taxpayer or both taxpayers if filing jointly were able to take an IRA deduction up to \$4,000 (\$4,500 if age 50 or older) if covered by a retirement plan and their modified AGI was less than \$60,000 (\$80,000 if married filing jointly or qualifying widow(er)). This was up from the \$55,000 (\$75,000 if married filing jointly or qualifying widow(er)) set for 2004.

### Data Sources and Limitations

The preliminary statistics in this data release are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ including electronically-filed returns) filed during Calendar Year 2006. Returns in the sample were stratified based on: (1) the larger of positive income or negative income; (2) the size of business and farm receipts; (3) the presence or absence of specific forms or schedules; and (4) the usefulness of returns for Treasury Department tax modeling purposes [2].

Returns were then selected at rates ranging from 0.1 percent to 100 percent. The preliminary Tax Year 2005 data are based on a sample of 231,171 returns and an estimated final population of 134,577,117 returns. The corresponding sample and population for the preliminary 2004 data were 159,064 and 133,061,898 returns, respectively.

Since the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data

provided, the magnitude of the potential sampling error must be known; coefficients of variation (CVs) are used to measure that magnitude. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the appendix to this issue of the *Bulletin*.

While the preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed for tax administration purposes, in the case of 2005 returns, between January and late September of 2006. In general, returns processed during the remainder of each year tend to have somewhat different characteristics compared to returns processed earlier. These characteristics include, for example, disproportionately large

amounts of investment income, passive losses, and alternative minimum tax.

### **Notes and References**

- [1] The remaining 1.3 percent of the returns did not need to claim either a standard deduction or itemized deductions because no AGI was reported.
- [2] Returns in the sample were stratified based on the presence or absence of one or more of the following forms or schedules: Form 2555, *Foreign Earned Income*; Form 1116, *Foreign Tax Credit (Individual, Fiduciary, or Nonresident Alien Individual)*; Schedule C, *Profit or Loss From Business (Sole Proprietorship)*; and Schedule F, *Profit or Loss From Farming*.

**Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns, total.....</b>	<b>134,462,537</b>	<b>36,888,542</b>	<b>29,738,925</b>	<b>24,595,615</b>	<b>28,867,499</b>	<b>10,830,523</b>	<b>3,541,433</b>
Form 1040 returns.....	81,144,182	14,593,114	12,685,263	15,089,127	24,540,920	10,694,326	3,541,432
Form 1040A returns.....	31,607,574	9,894,146	11,579,867	6,664,080	3,344,676	124,806	0
Form 1040EZ returns.....	21,710,782	12,401,283	5,473,795	2,842,409	981,904	11,391	0
Electronically-filed returns [1].....	74,813,073	18,852,175	17,987,439	14,519,763	16,372,693	5,666,417	1,414,587
<b>Adjusted gross income (less deficit).....</b>	<b>7,363,648,396</b>	<b>197,722,986</b>	<b>655,562,415</b>	<b>961,071,118</b>	<b>2,033,407,690</b>	<b>1,434,584,760</b>	<b>2,081,299,427</b>
Salaries and wages:							
Number of returns.....	114,595,809	28,317,700	25,354,907	22,000,824	26,071,660	9,806,284	3,044,437
Amount.....	5,236,515,411	218,256,684	531,914,142	794,870,314	1,627,146,182	1,089,584,295	974,743,790
Taxable interest:							
Number of returns.....	59,326,291	9,191,933	8,535,488	10,319,811	18,730,415	9,160,447	3,388,197
Amount.....	140,024,777	10,618,354	11,794,950	13,295,032	28,892,814	23,336,733	52,086,894
Tax-exempt interest: [2]							
Number of returns.....	4,469,929	378,159	358,353	507,535	1,217,055	1,034,417	974,410
Amount.....	54,410,697	2,068,290	2,139,103	3,353,708	7,924,412	9,272,910	29,652,274
Ordinary dividends:							
Number of returns.....	31,089,911	4,708,591	3,798,741	4,529,502	9,363,782	5,891,569	2,797,727
Amount.....	153,736,864	6,607,740	7,200,252	9,054,957	24,769,558	25,864,439	80,239,915
Qualified dividends:							
Number of returns.....	25,797,647	3,809,263	2,999,354	3,675,120	7,630,562	5,100,875	2,582,472
Amount.....	111,592,163	3,548,951	3,887,575	5,437,290	15,856,206	18,035,930	64,826,208
State income tax refunds:							
Number of returns.....	22,281,894	561,852	1,521,001	3,955,220	9,953,102	5,040,852	1,249,870
Amount.....	20,961,408	434,252	741,131	2,163,801	7,257,796	5,301,126	5,063,300
Alimony received:							
Number of returns.....	457,751	84,827	117,494	131,451	93,516	23,774	6,690
Amount.....	7,943,058	571,972	934,340	1,673,981	2,104,249	1,475,681	1,182,838
Business or profession net income:							
Number of returns.....	15,702,731	4,779,785	2,711,769	2,343,690	3,464,138	1,705,499	697,851
Amount.....	300,591,401	31,585,557	32,305,262	32,010,931	62,687,107	62,813,844	79,188,697
Business or profession net loss:							
Number of returns.....	5,335,832	981,088	896,159	960,506	1,612,376	660,284	225,419
Amount.....	43,083,206	13,339,964	5,935,934	5,609,941	8,996,231	4,530,764	4,670,371
Net capital gain: [3]							
Number of returns.....	11,867,231	1,395,672	1,258,169	1,556,992	3,420,781	2,589,773	1,645,845
Amount.....	599,383,730	9,238,325	5,155,007	9,124,810	33,564,366	62,347,975	479,953,250
Capital gain distributions: [3]							
Number of returns.....	4,181,537	749,420	516,273	681,730	1,334,972	731,836	167,305
Amount.....	4,968,498	669,325	510,989	679,580	1,383,564	1,272,729	452,308
Net capital loss:							
Number of returns.....	9,994,323	1,966,525	1,093,795	1,339,538	2,757,084	1,862,138	975,245
Amount.....	22,075,818	4,365,465	2,337,336	2,819,220	5,917,558	4,149,676	2,486,560
Sales of property other than capital assets, net gain:							
Number of returns.....	863,391	107,087	90,353	111,703	232,310	148,595	173,341
Amount.....	11,421,195	914,675	441,662	725,046	1,976,113	1,980,091	5,383,606
Sales of property other than capital assets, net loss:							
Number of returns.....	810,196	121,449	78,713	85,708	178,761	156,575	188,991
Amount.....	7,747,570	3,582,896	248,139	328,700	816,604	860,015	1,911,215
Taxable Individual Retirement Arrangement distributions:							
Number of returns.....	9,462,567	1,464,899	1,882,146	1,742,663	2,797,849	1,186,935	388,075
Amount.....	111,709,278	6,192,939	11,406,315	13,894,315	37,080,092	26,626,532	16,509,090
Taxable pensions and annuities:							
Number of returns.....	23,549,681	3,959,062	4,919,137	4,480,937	6,808,715	2,625,806	756,024
Amount.....	428,025,371	25,274,179	57,593,804	73,783,278	154,313,485	86,067,472	30,993,156
Rent and royalty net income:							
Number of returns.....	5,664,697	755,699	775,146	795,955	1,667,981	992,955	676,961
Amount.....	74,425,992	4,648,450	4,061,871	5,015,805	13,652,765	13,921,051	33,126,048
Rent and royalty net loss:							
Number of returns.....	5,140,616	628,252	646,145	879,479	1,692,882	872,454	421,404
Amount.....	48,353,595	7,398,389	4,907,557	6,579,884	13,251,541	7,752,702	8,463,520

Footnotes at end of table.

**Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Partnership and S corporation net income:</b>							
Number of returns.....	4,543,703	323,555	355,822	470,460	1,195,470	1,067,831	1,130,565
Amount.....	424,863,423	3,664,859	3,441,139	7,196,405	23,583,096	42,952,612	344,025,309
<b>Partnership and S corporation net loss:</b>							
Number of returns.....	2,256,974	384,754	229,449	280,475	580,779	454,524	326,996
Amount.....	61,665,756	24,050,863	2,427,990	3,188,299	5,640,184	5,849,053	20,509,368
<b>Estate and trust net income:</b>							
Number of returns.....	460,575	48,348	46,505	61,219	118,314	106,812	79,375
Amount.....	15,159,317	243,352	293,998	490,260	1,249,101	2,296,160	10,586,448
<b>Estate and trust net loss:</b>							
Number of returns.....	30,538	3,610	3,069	2,578	7,794	4,888	8,599
Amount.....	756,271	238,885	2,138	4,432	57,257	18,152	435,404
<b>Farm net income:</b>							
Number of returns.....	631,116	148,617	99,352	126,683	166,290	64,115	26,061
Amount.....	9,237,072	995,615	886,739	1,335,028	2,508,434	1,791,664	1,719,595
<b>Farm net loss:</b>							
Number of returns.....	1,356,681	244,099	214,835	259,329	404,646	160,286	73,488
Amount.....	19,842,812	4,945,596	2,052,414	2,808,780	4,426,658	2,603,683	3,005,684
<b>Unemployment compensation:</b>							
Number of returns.....	7,943,765	1,677,971	2,208,789	1,634,499	1,907,145	441,188	74,176
Amount.....	27,995,669	4,516,054	7,870,044	6,086,441	7,149,840	1,960,498	412,791
<b>Taxable Social Security benefits:</b>							
Number of returns.....	12,808,594	67,932	2,376,960	3,522,937	4,649,653	1,586,807	604,306
Amount.....	126,409,367	322,929	4,520,456	21,465,348	62,336,491	26,628,449	11,135,695
<b>Total statutory adjustments:</b>							
Number of returns.....	33,421,578	6,458,036	5,478,487	6,135,210	9,368,901	4,473,737	1,507,207
Amount.....	104,151,627	8,442,609	9,055,604	12,697,481	25,143,898	22,757,021	26,055,014
<b>Educator expenses:</b>							
Number of returns.....	3,562,069	93,714	309,140	733,094	1,582,301	745,312	98,507
Amount.....	893,327	20,126	72,371	170,000	405,009	201,919	23,902
<b>Certain business expenses of reservists, performing artists, and fee-basis government officials:</b>							
Number of returns.....	102,683	16,767	16,058	18,444	25,926	23,391	2,102
Amount.....	290,381	53,788	43,115	55,547	73,275	56,896	7,761
<b>Payments to an Individual Retirement Arrangement:</b>							
Number of returns.....	3,293,501	193,479	499,144	827,374	1,099,055	529,706	144,743
Amount.....	12,207,511	507,621	1,426,543	2,711,465	4,141,298	2,416,695	1,003,886
<b>Student loan interest deduction:</b>							
Number of returns.....	8,118,415	738,323	1,597,758	2,114,356	2,969,913	698,063	0
Amount.....	5,075,930	384,246	842,393	1,403,487	2,062,725	383,080	0
<b>Tuition and fees deduction:</b>							
Number of returns.....	4,731,924	894,727	538,343	626,230	1,352,030	1,320,592	0
Amount.....	10,928,436	2,319,989	1,109,838	1,324,137	3,029,940	3,144,533	0
<b>Health savings account deduction:</b>							
Number of returns.....	211,766	7,906	22,587	29,368	64,290	50,710	36,904
Amount.....	488,782	15,544	30,142	53,587	134,317	133,559	121,632
<b>Medical savings account deduction:</b>							
Number of returns.....	18,391	1,115	1,556	4,759	2,813	5,000	3,149
Amount.....	40,398	2,547	4,314	5,208	6,511	12,207	9,613
<b>Moving expenses adjustment:</b>							
Number of returns.....	1,127,511	106,719	230,878	250,625	349,981	152,520	36,787
Amount.....	3,055,362	288,006	382,148	538,120	998,889	576,898	271,301
<b>Self-employment tax deduction:</b>							
Number of returns.....	16,507,523	4,738,233	2,771,306	2,437,923	3,625,258	1,897,888	1,036,914
Amount.....	21,368,314	2,374,347	2,520,040	2,687,806	5,090,630	4,248,395	4,447,093
<b>Self-employed health insurance deduction:</b>							
Number of returns.....	3,670,561	578,366	545,653	551,574	892,329	592,659	509,982
Amount.....	17,982,362	1,787,976	1,897,183	2,302,168	4,255,863	3,552,266	4,186,906
<b>Payments to a self-employed retirement (Keogh) plan:</b>							
Number of returns.....	1,197,774	26,463	49,233	102,422	280,264	375,999	363,395
Amount.....	19,406,380	161,234	241,771	603,803	2,461,098	5,637,383	10,301,089

Footnotes at end of table.



**Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Penalty on early withdrawal of savings:</b>							
Number of returns.....	798,900	161,265	148,388	146,624	223,262	83,691	35,675
Amount.....	267,260	46,147	31,143	33,793	100,256	26,547	29,375
<b>Alimony paid:</b>							
Number of returns.....	583,305	37,669	47,686	90,354	216,120	115,212	76,262
Amount.....	8,523,911	353,482	332,720	611,023	2,045,205	1,935,833	3,245,649
<b>Domestic production activities deduction:</b>							
Number of returns.....	317,810	6,498	18,848	24,660	70,138	71,841	125,826
Amount.....	2,123,938	982	8,738	12,609	61,547	114,631	1,925,431
<b>Other adjustments:</b>							
Number of returns.....	256,855	17,644	23,956	38,420	79,140	66,513	31,182
Amount.....	1,425,226	126,288	113,145	184,709	274,058	300,613	426,413
<b>Total deductions:</b>							
Number of returns.....	132,762,014	35,199,192	29,736,881	24,591,174	28,866,463	10,827,413	3,540,892
Amount.....	1,665,601,292	214,919,348	241,423,144	252,321,635	444,037,145	277,074,077	235,825,943
<b>Total standard deduction:</b>							
Number of returns.....	85,109,566	33,262,099	24,832,167	15,586,765	10,064,353	1,136,248	227,933
Amount.....	584,209,412	188,456,565	172,762,803	118,389,773	91,134,192	11,313,924	2,152,153
<b>Basic standard deduction:</b>							
Number of returns.....	85,109,566	33,262,099	24,832,167	15,586,765	10,064,353	1,136,248	227,933
Amount.....	567,428,479	183,028,765	167,861,457	115,518,910	88,329,677	10,671,774	2,017,895
<b>Additional standard deduction:</b>							
Number of returns.....	11,131,858	3,805,509	3,196,552	1,880,997	1,792,253	372,861	83,685
Amount.....	16,780,934	5,427,798	4,901,347	2,870,863	2,804,515	642,151	134,257
<b>Total itemized deductions (after limitation):</b>							
Number of returns.....	47,652,448	1,937,092	4,904,717	9,004,410	18,802,109	9,691,165	3,312,959
Amount.....	1,081,391,880	26,462,782	68,660,338	133,931,863	352,902,953	265,760,153	233,673,790
<b>Itemized deductions in excess of limitation:</b>							
Number of returns.....	6,322,163	0	0	0	111,249	2,898,217	3,312,697
Amount.....	42,549,206	0	0	0	38,889	2,007,105	40,503,213
<b>Medical and dental expenses deduction:</b>							
Number of returns.....	9,871,839	1,250,036	2,254,016	2,582,657	3,020,841	695,113	69,177
Amount.....	66,086,920	9,411,886	14,685,204	14,528,042	18,559,306	6,761,302	2,141,180
<b>Taxes paid deduction:</b>							
Number of returns.....	47,267,305	1,853,191	4,794,701	8,892,945	18,742,599	9,674,183	3,309,690
Amount.....	390,944,404	4,692,477	13,342,874	32,216,719	108,929,784	101,621,954	130,140,600
<b>State and local income taxes:</b>							
Number of returns.....	45,935,853	1,665,643	4,527,523	8,589,035	18,337,858	9,539,129	3,276,663
Amount.....	237,687,278	1,076,294	4,449,235	14,214,296	57,297,092	59,470,519	101,179,842
<b>Income taxes:</b>							
Number of returns.....	34,744,476	577,384	2,555,523	6,200,475	14,663,386	7,973,408	2,774,298
Amount.....	220,687,451	552,369	2,951,878	11,481,044	51,110,309	55,600,244	98,991,610
<b>General sales taxes:</b>							
Number of returns.....	11,191,378	1,088,261	1,972,000	2,388,561	3,674,472	1,565,721	502,365
Amount.....	16,999,827	523,924	1,497,358	2,733,254	6,186,782	3,870,275	2,188,232
<b>Interest paid deduction:</b>							
Number of returns.....	38,884,591	1,146,134	3,280,298	6,972,220	16,185,405	8,535,652	2,764,885
Amount.....	390,375,165	8,473,154	23,923,331	52,860,911	144,794,773	101,802,190	58,520,807
<b>Charitable contributions deduction:</b>							
Number of returns.....	41,381,479	1,291,019	3,727,297	7,340,207	16,704,166	9,137,022	3,181,767
Amount.....	172,025,442	1,810,721	7,141,018	15,839,594	45,151,957	37,064,767	65,017,384
<b>Taxable income:</b>							
Number of returns.....	104,511,849	11,804,104	25,544,317	24,086,608	28,732,997	10,807,304	3,536,519
Amount.....	5,092,405,537	35,977,830	255,636,973	549,254,486	1,357,440,573	1,060,109,253	1,833,986,424
<b>Alternative minimum tax:</b>							
Number of returns.....	4,045,459	6,428	3,482	22,760	309,957	1,493,663	2,209,169
Amount.....	15,874,227	108,761	6,993	34,674	377,944	2,699,519	12,646,338
<b>Income tax before credits:</b>							
Number of returns.....	104,520,737	11,802,251	25,540,833	24,087,508	28,739,201	10,812,857	3,538,087
Amount.....	982,560,689	3,652,063	29,591,440	71,427,988	201,298,499	196,184,219	480,406,480

Footnotes at end of table.

**Table 1.—Individual Income Tax Returns, Tax Year 2005 Preliminary Data: Selected Income and Tax Items, by Size of Adjusted Gross Income—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	All returns	Size of adjusted gross income					
		Under \$15,000 [1]	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total tax credits: [4]</b>							
Number of returns.....	42,426,730	2,636,279	10,910,014	10,072,885	12,909,827	4,464,545	1,433,180
Amount.....	54,297,474	413,460	6,283,539	11,241,313	21,916,612	5,584,871	8,857,678
Child care credit:							
Number of returns.....	6,549,739	50,822	1,195,634	1,470,543	2,441,610	1,161,241	229,890
Amount.....	3,487,785	5,632	608,523	854,344	1,282,519	613,131	123,638
Credit for the elderly or disabled:							
Number of returns.....	101,227	58,334	42,894	0	0	0	0
Amount.....	13,787	9,645	4,142	0	0	0	0
Child tax credit:							
Number of returns.....	26,050,925	319,731	5,801,191	6,936,870	10,165,631	2,826,353	1,147
Amount.....	32,184,128	34,783	3,168,009	8,018,348	17,007,067	3,955,327	593
Education tax credits:							
Number of returns.....	7,133,854	583,146	1,923,125	1,906,230	2,651,214	70,141	0
Amount.....	6,194,770	188,140	1,373,532	1,720,762	2,892,954	19,386	0
Retirement savings contributions credit:							
Number of returns.....	5,365,195	315,948	2,462,704	2,586,365	179	0	0
Amount.....	962,976	75,511	477,556	409,890	16	0	0
Adoption credit:							
Number of returns.....	83,681	**	** 3,419	18,863	45,070	16,085	246
Amount.....	303,397	**	** 2,083	32,505	154,646	112,712	1,451
Foreign tax credit:							
Number of returns.....	5,373,540	269,820	418,108	620,339	1,520,082	1,375,901	1,169,291
Amount.....	8,340,820	8,721	44,173	69,481	288,191	646,356	7,283,899
General business credit:							
Number of returns.....	225,238	5,329	7,901	20,273	74,923	58,937	57,880
Amount.....	658,970	954	2,537	16,096	125,624	65,842	447,914
Prior year minimum tax credit:							
Number of returns.....	271,909	1,025	7,026	8,095	50,353	99,928	105,482
Amount.....	1,080,361	94	2,895	9,251	80,326	138,031	849,765
Self-employment tax:							
Number of returns.....	16,507,523	4,738,233	2,771,306	2,437,923	3,625,258	1,897,888	1,036,914
Amount.....	42,728,376	4,746,342	5,038,698	5,374,399	10,179,414	8,495,852	8,893,671
<b>Total earned income credit (EIC):</b>							
Number of returns.....	23,003,703	12,345,934	8,992,232	1,665,536	0	0	0
Amount.....	43,091,796	22,404,351	19,698,102	989,344	0	0	0
EIC used to offset income tax before credits:							
Number of returns.....	2,911,791	1,098,229	1,436,031	377,532	0	0	0
Amount.....	752,954	89,070	596,660	67,227	0	0	0
EIC used to offset other taxes:							
Number of returns.....	4,834,823	3,132,958	1,423,676	278,190	0	0	0
Amount.....	4,279,188	2,505,241	1,634,179	139,765	0	0	0
Excess EIC, refundable portion:							
Number of returns.....	20,357,850	10,838,498	8,260,741	1,258,611	0	0	0
Amount.....	38,059,653	19,810,040	17,467,262	782,351	0	0	0
Additional child tax credit:							
Number of returns.....	15,334,228	2,844,907	8,145,821	3,504,996	826,801	11,698	4
Amount.....	15,588,969	1,307,943	8,453,930	4,757,601	1,050,443	19,051	2
<b>Total income tax:</b>							
Number of returns.....	90,659,349	10,221,172	17,740,650	20,468,147	27,899,364	10,795,196	3,534,820
Amount.....	928,263,735	3,238,608	23,307,899	60,186,674	179,381,951	190,599,348	471,549,257
<b>Total tax liability:</b>							
Number of returns.....	94,346,561	12,637,828	18,395,465	20,912,203	28,060,797	10,803,939	3,536,330
Amount.....	970,951,374	5,655,645	26,640,338	65,480,898	191,058,438	200,285,053	481,831,002

\*\* Data combined to prevent disclosure of specific taxpayer information.

[1] Includes returns with adjusted gross deficit.

[2] Included in data for Forms 1040, 1040A, and 1040EZ.

[3] Not included in adjusted gross income.

[4] Includes EIC used to offset income tax before credits, shown separately later in this table

NOTE: Detail may not add to totals because of rounding.